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TAGS: [ETTC](#) [PREL](#) [ENRG](#) [EPET](#) [NL](#) [CH](#) [IR](#)
SUBJECT: ILSA: CHINA: MFA CHARACTERIZES YADAVARAN OIL DEAL
AS "A RUMOR"

REF: STATE 67466

Classified By: Classified by Deputy Political Section Chief Robert Griffiths. Reasons 1.4 (b/d).

(C) United States' concerns about a May announcement of a deal between Sinopec and Iran on the Yadavaran oil field are based on "rumors," stated MFA West Asia and North Africa Affairs Deputy Director for Iran Xu Wei. During a May 21 meeting at which Poloff conveyed reftel concerns, Xu said his contacts at Sinopec assured him that no contracts on the Yadavaran oil field are pending agreement. Sinopec does maintain regular normal contacts with Iran as part of its international business operations. China understands the United States' concerns about sending the "wrong signal" to Iran and is well aware of its obligations under UN resolutions. Beijing's position on UNSCR 1474 has not changed, nor has its position on a nuclear free Iran. China and the United States share the same goal, Xu stated. China places great importance on the Strategic Economic Dialogue (SED) and is expecting positive results. The SED is yet another venue to improve the two countries strategic confidence, Xu said.
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